

31 May 1973

MEMORANDUM FOR: Deputy Director for Management and Services

SUBJECT : Cost Benefit Study Relative to the Conversion of Selected Field Stations from Class B to Class A Accounting and Reporting Procedures

1. Action Requested: This memorandum provides information you requested at our April briefing about the cost benefits of converting selected stations from Class B to Class A accounting and reporting procedures.

2. Basic Data:

- a. The essential cost elements for consideration are the costs at headquarters which would be saved by conversion from Class B to Class A versus any increase in costs in the field.
- b. The savings at headquarters will come principally from reduced work load by reason of the fact that full financial support for any station under Class A procedures is provided by the Finance Certifying Officer at the station. Headquarters costs, on the average, are approximately \$3,500 to \$4,000 per year for each Class B station of a size and volume of activity as to warrant conversion to Class A. This estimate includes \$3,000 to \$3,500 for an average of 1/4 man-year for each such station and up to \$500 as the average cost of travel for servicing the requirements of each such station. Additional savings of up to \$2,500 per year can be anticipated at headquarters (1/6 man-year and up to \$500 for travel) when a conversion of a Class B station to Class A would carry with it responsibility for processing accountings of another smaller Class B station in the general area, e.g., if [] were made responsible for [] accountings.
- c. Conversions would be proposed only for stations where it can be assumed the Finance Certifying Officer can

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handle the combined finance/support responsibilities. We hope to implement several simplifications of requirements for the Class A system in the near future which should aid this objective. On this basis, a typical conversion would increase costs in a significant way only if there were a grade level change compatible with the increased combined responsibilities. In many cases, the position is already at the GS-12 or GS-13 level so no change would be required.

- d. On the basis of the factors discussed in b and c above, the cost benefit of conversion from Class B to Class A is estimated as follows, in the circumstances described:

(1) From \$3,500 to \$4,000 per year when no change in grade level of the station position is required and when no other station is involved. Representative situations fitting these particulars are [redacted] with a GS-12 position and [redacted] with a GS-11 position filled with a GS-12 incumbent.

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(2) From \$6,000 to \$6,500 per year when no change in grade level of the station position is required and when responsibility is assumed for processing accountings of another smaller station or base in the area. [redacted], which could assume responsibility for [redacted] accountings, would be illustrative of this situation. Similar savings would result from conversion [redacted] to Class A if accountings [redacted] (even though it is an independent station in another country) could be serviced [redacted].

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(3) Savings of the above amounts in the situations indicated would be reduced by about \$3,000 per year should a one-level increase in grade level be required (e.g., conversion of [redacted] from B to A would involve an increase from GS-11 to GS-12, and would result in net savings of about \$1,000).

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- e. Additional factors on the positive side in a potential conversion situation are the increased benefits to the Chief of Station and personnel at the station resulting

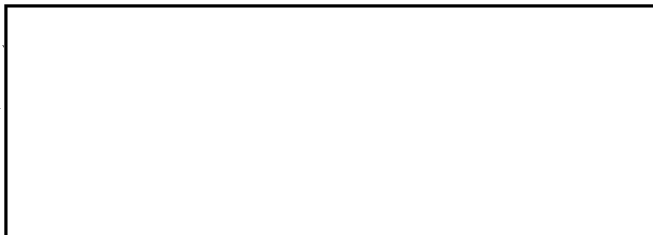
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SUBJECT: Proposed Conversion [redacted] From Class A
to Class B Financial Accounting and Reporting
Procedures

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Class A Accounting and Reporting Procedures, and that the
current finance officer position should be retained as a
combined finance/management and services officer position.



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Acting Director of Finance

Attachment

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O/Finance/[redacted]:scb (10 July 73)

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Hand carried by Mr. [redacted]

7/10/73

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Class A Accounting and Reporting Procedures

from the expertise which would be available at the station in all finance-related aspects of station support requirements, e.g., better financial administration and budget formulation and execution based upon timely analysis and advice; reduction of correspondence relating to financial matters; and better assurance by reason of intimate knowledge of the com-

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also be noted that 60 to 70% of all support matters at these type stations are finance related.

3. It is our recommendation that cost benefit factors be included as a positive consideration in the future in determining whether larger Class B stations on a selective basis should be converted to Class A accounting and reporting procedures as well as in determining whether small Class A stations should be allowed to revert to Class B (as a case in point, WH Division recently converted [redacted] from Class A to Class B). We will plan to bring to your attention the circumstances at stations which we believe should be considered for conversion at such time as replacements are planned for present incumbents.

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Thomas B. Yale
Director of Finance

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[redacted] :pp (1 Jun 73)